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**GUIDANCE NOTE 4/2011 ISSUED IN TERMS OF SECTION 45(e) OF THE
CO-OPERATIVE BANKS ACT, 2007**

**INCOME STATEMENT RETURN
(FORM-CBR2)**

1. INTRODUCTION

Guidelines are provided to assist with the completion of the income statement return (FORM-CBR2), which is part of the Co-operative Banks Act Supervisors' Rules (the Rules) as published in *Government Gazette* No.32860 dated 12 January 2010. These guidelines should be read in conjunction with the Co-operatives Act, 2006 (Act No.14 of 2005) (the Co-operatives Act), the Co-operative Banks Act 2007 (Act No.40 of 2007) (the Act), the regulations issued in terms of Section 86 of the Act (the Regulations) and the Rules. Explanatory notes on the completion of FORM-CBR2 are discussed in this document.

2. COMPLETION OF FORM-CBR2

The Income Statement Return (FORM CBR2) must be completed on a monthly basis, to reflect the activities of the co-operative bank for the period under review i.e. year to date. The completed return must be submitted under cover of a signed FORM-CBR0 within twenty (20) business days immediately following the month end to which it relates. Both the managing director and the chief financial officer of the co-operative bank must sign FORM-CBR0. In cases where the managing director is also the Chief Financial Officer, the chairperson of the board must co-sign FORM-CBR0 with the managing director. Every page of the attachments to FORM-CBR0 must be initialled by the signatories.

Figures provided on FORM-CBR2 must be round off to the nearest Rand.

Extracts from FORM-CBR2 are reflected in the shaded areas throughout this document. The guidance notes, which clarify the relevant extracts, are provided in the non-shaded areas.

FORM-CBR2 Year To Date Income Statement
Name of co-operative bank: For the period (dd/mm/yyyy to dd/mm/yyyy):

Report the position of the year under review.

Item	Description	Guidance Note
200.	INCOME FROM LOANS	This section deals with income derived from loans, which includes items 201 to 204. Loans include all types of credit granted.
201.	Interest income from loans	Report the total interest earned on loans.
202.	Delinquent penalty interest income from loans	Report penalty interest earned on delinquent loans.
203.	Commissions / fees from loans	Report the total commissions and fees earned on loans.
204.	Insurance premiums for loans	Report the difference between the premiums received from members in respect of insurance on loans and the amount remitted to 3rd party insurance business as defined in the Short-Term Insurance Act or Long-Term Insurance Act.
205.	Net loan income (add from 201 to 204)	Report sum (items 201 to 204).
206.	Income from liquid investments	Report the total income earned on investments redeemable within 32 days as reported under items 11 to 15 of FORM-CBR1.
207.	Income from financial investments	Report the total income earned on investments redeemable after 32 days as reported under items 20 to 26 of FORM-CBR1.
208.	Income from non-financial investments	Report the total income earned on non-financial investments reported under item 31 of FORM-CBR1.

209.	Fees, commissions income (loan-unrelated)	Report the total fees and commission earned, but not relating to loans, such as transaction fees, joining fees, commissions from brokering funeral or medical aid products.
210.	Income from other sources	Report income earned from any other sources, e.g. generated from administrative-related sources such as savings books, photocopying, faxes, telephone calls, etc. Bad debts recovered must also be included under this item.
211.	Financial Income (add from 205 to 210)	Report sum (items 205 to 210).
212.	COSTS/EXPENSES	This section deals mainly with money expended or cost incurred by the co-operative bank in performing its operations, including financial cost and operating expenses.
213.	FINANCIAL COSTS	Includes costs associated directly with deposits, external credit and shares.
214.	Interest expenses on savings deposits	Report the total value of interest paid on all savings deposits (include interest paid on "share savings" that are treated in the same manner as savings deposits).
215.	Insurance premiums on deposits	Report the total premiums paid to the Deposit Insurance Fund.
216.	Financial costs on external credit	Report the total interest paid on external credit/borrowings such as loans from secondary co-operative banks, commercial banks, the Co-operative Banks Development Agency and other financial institutions.
217.	Dividend expenses on shares	Report the total value of dividends/interest paid to members on shares.
218.	Insurance premiums for shares	Report the total value of insurance premiums paid on members' shares by the co-operative bank to an insurance business.
219.	Taxes paid on dividends paid on shares	Report the total tax amount paid on dividends/interest paid on shares.
220.	Financial costs – shares	Report the total value of any other financial costs relating to member shares.
221.	Other financial costs	Report the total amount of any other financial costs such as bank charges, fees, patronage proportion and commissions not included in items 214 to 221.

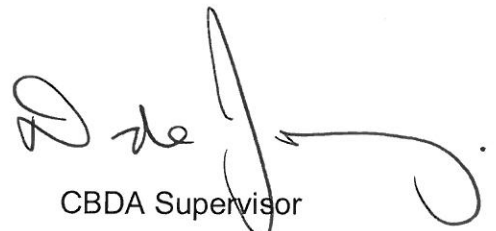
222.	Total Financial Costs (add from 214 to 221)	Report sum (items 214 to 221).
223.	NET FINANCIAL INCOME (211 – 222)	Report item 211 less item 222.
224.	Operating Expenses	This section includes expenses other than financial cost.
225.	Personnel	Report the total direct personnel expenses such as salaries, wages and bonuses.
226.	Governance	Report the total governance expenses relating to the board, including expenses relating to board meetings, annual general meetings and training expenses.
227.	Marketing	Report the total marketing expenses such as promotion and advertising.
228.	Administration	Report the total administration related expenses, including operating expenses not reported under items 225 to 227, such as electricity, water, rent, stationery, maintenance fees, league fees, training of staff, etc.
229.	Auditing	Report the total audit-related expenses.
230.	Depreciation	Report the total value of depreciation.
231.	Total Operating Expenses (add 225 to 230)	Report sum (items 225 to 230).
232.	Provision for Risk Assets	Report the total value of all provisions made for assets as listed in FORM-CBR1.
233.	NET INCOME FROM OPERATIONS (223-231- 232)	Report (item 223 less item 231 less item 232).
234.	Other Income/Expenses	This section deals with extraordinary items that do not necessarily reflect or pass through the income statement.
235.	Income from grants	Report the total income relating to cash grants received from donors.

236.	Previous periods adjustments (Net)	Report the previous financial year adjustments as identified by the auditors.
237.	Extraordinary income (Net)	Report the total net extraordinary income. Income is considered extraordinary if it is not a recurring income from co-operative banking services provided or emanating frequently from normal business operations.
238.	Total Other Income/ Expenses (add 235 to 237)	Report sum (items 235 to 237).
239.	Income Tax	Report the total tax amount payable on income.
240.	NET INCOME/LOSS (233 + 238 – 239)	Report (item 233 plus item 238 less item 239) This amount should be the same as the amount reflected under item 123 of the Balance Sheet Return (FORM- CBR1).

FORM-CBR2 must be submitted under cover of FORM-CBR0 to the relevant Supervisor.



SARB Supervisor
André Bezuidenhout



CBDA Supervisor
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